

Minutes for the Utah Association of Counties Insurance Mutual

**April 14, 1993
Cedar City, Utah**

The following were in attendance: Gerald Hess, Davis County Attorney's Office; Dixie Thompson, Emery County Commissioner; Dennis Ewing, Tooele County Clerk; Kenneth Brown, Rich County Commissioner; Sidney Groll, Cache County Sheriff; Gary Sullivan, Beaver County Commissioner; Max Adams, Uintah County Commissioner; Ty Lewis, San Juan County Commissioner; Brent Gardner, UACIM Administrator; Dave Nelson, Loss Prevention Manager; Harry Bowes, Consultant; Bill T. Peters, Attorney for UACIM; Kent Sundberg, Chairman, Litigation Management Committee; Jess Hurtado, Broker; Doug Alexander, Rolling Claims Manager; Gary Herber, Utah County Commissioner.

Gerald Hess welcomed the board and visitors, and excused Gary Herbert, Utah County Commissioner, stating that he would be arriving shortly.

REVIEW AND APPROVAL OF MINUTES

Commissioner Dixie Thompson noticed that the minutes, on page two, the company name was spelled PEBSCO, and it should read PENCO.

On the executive minutes, a change of wording was requested on the second page, item 4, to read "\$200,000 may not be unacceptable..." in replacement of "\$200,000 not unacceptable...".

Commissioner Max Adams made the motion to accept and approve the minutes with the corrections. This was seconded by Commissioner Thompson, and passed unanimously.

BROKERAGE/TPA AGREEMENT

Bill Peters, UACIM Attorney, stated that he has not had a chance to review the agreement, but he was not aware that this was needed. At the March UACIM Board Meeting, the board was okay with the agreement except for the price. The question was stated if the board would like to sign the agreement for this year and renegotiate the price for the 1994 agreement. Commissioner Thompson indicated that she was not comfortable paying the stated price on this year's contract. Jess stated that he had sent out a breakdown of the costs that make up this cost. Gerald Hess discussed the Addendum #5 on the contract and the cost breakdown, but Commissioner Thompson would like more detailed information on the cost breakdown.

Jess Hurtado stated that in the January, 1993, UACIM Board Meeting, the numbers were given to the board, and there was no action taken at that time, but two quarterly payments have been made on the \$235,000.

Commissioner Adams feels that if we have already paid two payments, we have basically accepted the contract price, and we need to renegotiate for next year.

Jess Hurtado indicated that if the board had a problem with the price, he does not feel that AON would object renegotiating with the board for an agreeable solution. He feels that if the board sees a problem, it should be taken care of right away, and not wait for the renegotiations for next year. Gerald Hess wondered if there would be a problem if the board renegotiated the contract this late in the year. Mr. Hurtado feels that AON would work with the pool and would listen to the concerns of the Board. He would not like to see something that the board is not agreeable to, but does nothing about.

Commissioner Gary Sullivan would like to have Fred Medenwaldt, AON Senior Vice President, come out and negotiate with the board, and get an agreement signed.

Harry Bowes biggest concern is the bundling of the contracts being bundled into one. Other than that, he doesn't see any problem with the AON agreement. Bill Peters agreed with Harry that there is not problem with the contract except for the concerns on the \$235,000 and the bundling of the contracts.

Brent Gardner feels that we are far enough into the contract and almost ready to negotiate the 1994, we could leave the contract as is, except for Addendum #5, and negotiate items such as the un-bundling of the contracts for the 1994 negotiations.

Jess Hurtado stated that the reason for bundling the contracts is only to simplify the project. All entities have now been combined under AON. If the contract was unbundled, the board would have five contracts that would all be with AON. It would not be a problem to unbundle the contracts if the board so desires.

Gerald Hess recommended to the board to sign the contract except Addendum #5, and requested Brent to talk with Fred Medenwaldt. Then the mutual would have a signed agreement with the one exception, that then the board can discuss Addendum #5 along with the 1994 contract negotiations in June.

Commissioner Thompson indicated her lack of understanding of the breakdown of costs sent to her from Jess Hurtado. Gerald Hess agreed with her, but felt that it was not essential to the signing of the contract.

Commissioner Thompson made the motion to sign the contract with the exception of Addendum #5, and negotiate Addendum #5 with Fred Medenwaldt when he comes out

to start negotiations for the 1994 contract. Dennis Ewing seconded the motion, and the motion passed unanimously.

Brent Gardner and Jess Hurtado will make the arrangements with Mr. Medenwaldt and basis for the negotiations for the 1994 contract. Gerald Hess and Commissioner Thompson were asked to be involved in the arrangements.

A question was raised about what the board was negotiating for for the 1994 contracts. Gerald Hess indicated that he feels the board needs to start early in case the board would like to bid out parts of the contract (RFP's).

Dennis Ewing stated that he would like to see Request's for Proposal (RFP's) being sent out annually.

Brent Gardner indicated that part of Harry Bowes job description was to help us negotiation the contracts with whomever.

BROKERAGE REPORT

- A) **Surety Bond** - This was given to the members of the board in the March 26 meeting. Jess Hurtado would like to know if the board thinks he should pursue this coverage for the counties. This coverage is bonds for elected officials. The bond for the treasurer, however, is a separate, limited coverage.

Brent Gardner questioned Mr. Hurtado if this coverage would affect the financials. Mr. Hurtado stated that it would some, but not much.

Dennis Ewing feels that if it saves money from the other coverage that the counties have, then the board needs to adopt this coverage. Mr. Hurtado indicated that on the proposal given to the board, the amounts listed are statutory, and Mr. Hurtado would research what each county requires, if the board adopts the coverage.

Commissioner Ty Lewis made the motion the have Mr. Hurtado look into the surety bond for the mutual. Commissioner Kenneth Brown seconded the motion and the motion passed unanimously.

Mr. Hurtado will bring the proposal back to the board in the next board meeting.

- B) **Special Districts** - Another letter was recently sent out to the counties who have not responded with a listing of their specials districts notifying them their special districts will not be covered if the county does not return a listing naming any special districts. Mr. Hurtado would like to give this a bit more time for the counties to respond, and will then address the issue at the next board meeting.

- C) **Uintah County** - Mr. Hurtado is advising the board of the continuing coverage that the Mutual is providing for the Uintah County Recreational facility. This is a contractual agreement with the city and the county. Discussion of the Uintah Recreation facility followed.

A question was raised about the coverage of self-funded special service districts. Mr. Hurtado indicated that if the pool is interested in covering these, then he would look into it.

Harry Bowes reminded the board that all member counties were notified in 11/92, 3/93, and again in 4/93, for a listing of all special districts. If this listing is not submitted by the county, these districts will not be covered.

CREATION OF RATING FORMULA COMMITTEE

Brent Gardner handed out a listing to the board of the recommended rating committee. (See attached)

Commissioner Ty Lewis moved that the board accept the recommendation subject to their acceptance, to form a rating committee. Commissioner Ken Brown seconded the motion, and the motion passed unanimously.

ACTUARIAL

Brent Gardner reviewed with the board the proposal from Coopers & Lybrand for actuarial services for the Mutual.

Commissioner Ty Lewis made the motion to authorize Coopers & Lybrand to begin actuarial service for the Mutual. Commissioner Dixie Thompson seconded the motion, and the motion passed unanimously.

VOLUNTEER INSURANCE PROGRAM

Jess Hurtado ran across a volunteer insurance program that he felt the board would be interested in. This would be an individual county program, where it would be at the counties discretion to join. He wondered if the board would like him to send the information to the counties, or if he should do nothing with it.

Commissioner Ty Lewis made the motion for Mr. Hurtado to send out to the individual counties. Commissioner Max Adams seconded the motion, and the motion passed unanimously.

REQUEST FOR PROPOSAL FOR JAIL STANDARDS

Dave Nelson contacted the National Correctional Officers Association and asked them when and if they are preparing a listing of jail standards. They indicated that a listing of that sort would be years down the road. Mr. Nelson has decided to work with the sheriff's to work on state jail standards. Mr. Nelson indicated that the sheriff's of the member counties are very interested in jail standards, and willing to help. Dave has sent out a request for names of who the sheriff's would want to do the study. When these are received, Dave will bring those names to the board for their approval.

CLAIMS REPORT

Doug Alexander discussed claims that had been filed over \$10,000.

HiCaliber would like payment for the cleanup of an Iron County Building in Cedar City. Doug recommends that UACIM pay 80% of the claims, including the previous payment, until Cedar City reviews the claim.

Harry Bowes questioned Mr. Alexander if a demand for payment from Cedar City has been filed with URMA, Cedar City's insurance carrier. Doug stated that he has not filed an official claim with URMA, but the claim will be filed in a couple weeks with the help of Scott Burns, Iron County Attorney.

Commissioner Max Adams made the motion to authorize the additional payment. Dennis Ewing seconded the motion, and the motion passed unanimously.

LOSS PREVENTION REPORT

Dave Nelson indicated that he was continuing with the county risk review and would continue to send out the recommendations for each county to the members of the board.

Lynn Lund, speaker at the Personnel Discipline Training's, compiled a small manual from the seminars that will be given to the counties at the membership meeting directly following the UACIM Board Meeting.

LOSS SUMMARY - YTD

The loss summary reports had been sent to the members of the board prior to the board meeting. The summary of the report was:

- 262 total claims
- 213 claims closed
- 49 claims opened

Largest area of loss is in the category of "Auto". 150 claims from auto have been filed in the 262 total claims.

Brent Gardner suggested that the counties begin scheduling two days in May and June with Dave Nelson for the defensive driving course.

Dennis Ewing suggested that a letter be sent out to all commissioners indicating that the driving seminar is mandatory for all drivers of county vehicles, volunteers included.

Jess Hurtado would like a list from Mr. Nelson of all drivers of county vehicles in each county. Mr. Hurtado suggested this list then become the attendance list.

Brent Gardner then indicated that the claims for this year are what the board anticipated and that the mutual is in good shape.

EXECUTIVE SESSION

Commissioner Gary Herbert made the motion to go into Executive Session. Commissioner Ken Brown seconded the motion and it passed unanimously.

Executive session

Executive session adjourned, UACIM Board Meeting commenced.

CONSULTANT REPORT

Commissioner Max Adams made the motion to employ Harry Bowes as consultant at \$145 per hour with a yearly minimum of \$24,000 to a maximum of \$36,000, at the direction and discretion of the board, beginning January 1, 1993 - December 31, 1993. Commissioner Dixie Thompson seconded the motion, and the board passed the motion with 9 affirmative votes and 1 opposing vote.

TIME AND PLACE OF NEXT MEETING

The next UACIM Board Meeting will be held June 11, 1993, at 10:00 a.m. in Utah County.

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EXECUTIVE SESSION

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Cedar City, UT**

The following were in attendance: Gary Herbert, Utah County Commissioner; Gerald Hess, Davis County Attorney's Office; Dixie Thompson, Emery County Commissioner; Dennis Ewing, Tooele County Clerk; Kenneth Brown, Rich County Commissioner; Sidney Groll, Cache County Sheriff; Gary Sullivan, Beaver County Commissioner; Max Adams, Uintah County Commissioner; Ty Lewis, San Juan County Commissioner; Brent Gardner, UACIM Administrator; Dave Nelson, Loss Prevention Manager; Harry Bowes, Consultant; Bill T. Peters, Attorney for UACIM; Kent Sundberg, Chairman, Litigation Management Committee.

Gerald Hess stated that the board needs help in negotiating with AON. He does have a concern about paying AON too much and feels that we need to squeeze as hard as we can for the best price. He feels that some of the ways of doing this are in Harry Bowes proposal. However, the proposal also has a lot of duplication of items already being done, and Mr. Hess feels that the Mutual does not need to pay for these services twice.

Commissioner Gary Herbert agrees with Mr. Hess, however, he feels that the proposal was more of suggestions to the board than actual duties, and Mr. Bowes would take whatever direction the board gave him. Commissioner Herbert feels that Mr. Bowes is a big benefit to the Mutual because of his experience, and although the board may not feel they need him now, they may need him in the future.

Mr. Hess feels that the board only needs Mr. Bowes to help negotiate the contracts with AON.

Commissioner Ken Brown wondered if it was possible to convey an idea to Mr. Bowes without having him located locally. The rest of the board felt that was possible by phone.

Brent Gardner feels that Mr. Bowes experience is invaluable to the Mutual during the first year or two. Mr. Gardner doesn't want to overpay him for his services, but feels that the budget can allow him to work as a consultant for the first two years.

Commissioner Max Adams feels that with the change on the Board of Directors regularly, having Mr. Bowes would lend to the stability of the contracts negotiations and to the Mutual.

Bill Peters looked over the proposal and agrees that there is duplication in the proposal or one-time items that has been listed. Mr. Peters agrees with Mr. Gardner that Mr. Bowes would be valuable in the first two years, but monitored by the board and only by direction of the board.

Mr. Hess feels that the Mutual only needs to employ Mr. Bowes for contract negotiation. Mr. Gardner feels that Mr. Bowes would also be valuable in "coordinating the key players/elements and serving the Mutual with input, direction, and information for policy development considerations." (Harry Bowes Proposal, page 2, paragraph 7).

Commissioner Gary Sullivan wondered if the board was looking at the hourly rate of \$145 for work performed, or if the board wanted to go with the \$24,000 minimum to \$36,000 maximum. Commissioner Sullivan feels that we should use Mr. Bowes as much as possible.

Mr. Hess feels that Mr. Bowes value is limited and the board should consider paying his hourly rate for work performed.

Commissioner Herbert feels the board has not used Mr. Bowes like they could have, and feels the board should now use him to his potential. The board is responsible for giving Mr. Bowes direction. Commissioner Herbert is comfortable with the proposal given the board by Mr. Bowes.

Kent Sundberg feels that there is duplication in the proposal and it should not be accepted as it.

Commissioner Herbert agrees and stated that the board should take the idea of the proposal and then give Mr. Bowes the direction from the board.

The proposal to Harry will be: \$24,000 - \$36,000 for the fiscal year of January 1, 1993, to December 31, 1993.

Mr. Gardner accepted the responsibility to monitor the direction given to him by the board.

Commissioner Max Adams made the motion to adjourn out of executive session. Dennis Ewing seconded the motion and the motion passed unanimously.

Executive session adjourned.

UAC INSURANCE MUTUAL BOARD OF DIRECTORS

**April 14, 1993
Cedar City, UT**

AGENDA

1. Review and Approval of March Minutes
2. Consulting Services Proposal
3. Brokerage/TPA Agreement
3. Brokerage Report
 - a) Surety Bond
 - b) Special Districts
 - c) Uintah Special District
 - d) Rating Formula
4. Creation of Rating Formula Committee
5. Actuarial
6. Volunteer Insurance Program
7. Request for Proposal for Jail Standards
8. Claims Report
9. Loss Prevention Report
10. Loss Summary - YTD
11. Other Business

UAC Insurance Mutual

Board of Directors

April 14, 1993

Attendance Roster

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